



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0548	<b>Title:</b>	Require inspection for dog breeding facilities
<b>Primary Sponsor:</b>	McAlpin, Dave	<b>Status:</b>	As Amended

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b>Expenditures:</b>				
State Special Revenue	\$85,629	\$84,704	\$86,822	\$88,992
<b>Revenue:</b>				
State Special Revenue	\$6,225	\$0	\$6,225	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### **Description of fiscal impact:**

The fiscal impact of HB 548, as amended, is associated with rulemaking, hiring a 0.50 FTE, veterinarian, hiring a 1.00 FTE, compliance officer and associated operating costs. Revenue is generated through a \$415 biennial registration fee paid by facilities and breeders that sell more than 100 dogs per year.

### **FISCAL ANALYSIS**

#### **Assumptions:**

#### **Department of Livestock**

1. HB 548 requires the department to hire a 0.50 FTE veterinarian to administer and authorize certifications at a cost of \$35,232 in salary and benefits.
2. HB 548 requires the department to hire a 1.00 FTE compliance officer to inspect facilities at a cost of \$46,487 in salary and benefits.
3. As amended, HB548 includes dog breeding and selling facilities that sell 100 or more dogs, including puppies, per year.
4. It is estimated that 5 retail selling facilities and 10 breeding facilities in Montana would sell 100 or more dogs per year. It is assumed that animal shelters and humane societies charge a fee to recoup costs but do not sell dogs for profit and therefore would not be inspected or pay the registration fee required by HB 548.
5. Inspections will take place annually.

6. The compliance officer will travel approximately 10,000 miles in a leased vehicle (sedan) to license and inspect these facilities each year for a cost of \$3,270 each year.
7. Reimbursement for meals and lodging is estimated to be \$640.
8. The department will incur costs for rulemaking. The department estimates 5 pages of notification and 5 pages publication @ \$50 per page = \$500 one-time in FY 2010.
9. Contracted services for an attorney to develop rules is estimated to be \$425 one time in FY 2010.
10. State special revenue is estimated to be \$415 x 15 facilities = \$6,225 every two years beginning in FY 2010.
11. The state special revenue account created in HB 548 would be the only revenue source that would be available to administer HB 548. Anticipated revenue will not be sufficient to operate the program required by the bill.
12. A 2.5% annual inflation rate is applied to all costs beginning in FY 2012.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	1.50	1.50	1.50	1.50
<b><u>Expenditures:</u></b>				
Personal Services	\$81,719	\$81,719	\$83,762	\$85,856
Operating Expenses	\$3,910	\$2,985	\$3,060	\$3,136
<b>TOTAL Expenditures</b>	<b>\$85,629</b>	<b>\$84,704</b>	<b>\$86,822</b>	<b>\$88,992</b>
<b><u>Funding of Expenditures:</u></b>				
State Special Revenue (02)	\$85,629	\$84,704	\$86,822	\$88,992
<b>TOTAL Funding of Exp.</b>	<b>\$85,629</b>	<b>\$84,704</b>	<b>\$86,822</b>	<b>\$88,992</b>
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$6,225	\$0	\$6,225	\$0
<b>TOTAL Revenues</b>	<b>\$6,225</b>	<b>\$0</b>	<b>\$6,225</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Special Revenue (02)	(\$79,404)	(\$84,704)	(\$80,597)	(\$88,992)

**Technical Notes:**

1. Section 3 (1) and section 3 (2) appear to contradict one another because the total amount appropriated each year in subsection 1 appears to be \$62,000 per year but subsection 2 states that there is \$85,000 allocated to pay the salaries and benefits of a 0.50 FTE veterinarian and a 1.00 FTE compliance officer.
2. As written, HB 548 will not generate enough revenue to pay for the level of expenditures estimated by the department. No other revenue source is identified within the bill.

\_\_\_\_\_  
Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials\_\_\_\_\_  
Date

**Dedication of Revenue 2011 Biennium****17-1-507-509, MCA.**

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**  
No. This state special revenue account would be dedicated to inspecting the facilities that pay the fee.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**  
Transparency. The department, legislature or any other party would be able to clearly see how much revenue is generated for this purpose and how much is expended for this purpose.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**  
No. The source of revenue as HB 548 is currently written would not be adequate to fund the program activity that is intended.
- d) **Does the need for this state special revenue provision still exist? \_\_\_Yes \_\_\_No (Explain)**  
Yes. Only if HB 548 is passed into law.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**  
Yes. The dedicated revenue proposed in HB 548 will provide transparency as to how much revenue is generated for this purpose and how much is expended for this purpose.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**  
Yes. Only if HB 548 is passed into law.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**  
This dedicated state special revenue account would make accounting/auditing for revenue and expenditures related to registering and inspecting dog facilities more efficient and transparent for the department and the legislature.